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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION  
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COMMISSIONERS

GARY PIERCE – Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF  
Q MOUNTAIN MOBILE HOME PARK DBA  
Q MOUNTAIN VISTA WATER FOR APPROVAL  
OF A RATE INCREASE.

DOCKET NO. W-02518A-10-0227

PROCEDURAL ORDER

**BY THE COMMISSION:**

On May 19, 2010, Q Mountain Mobile Home Park dba Q Mountain Vista Water (“Q Mountain” or “Company”) filed with the Arizona Corporation Commission (“Commission”) an application for a permanent rate increase.<sup>1</sup> Q Mountain’s application proposes no change in its total test year operating revenue of \$49,560.

On May 20, 2010, Q Mountain filed additional information related to its application.

On June 7, 2010, Q Mountain filed compliance items related to Commission Decision No. 71466 (January 26, 2010).

On June 18, 2010, the Commission’s Utilities Division (“Staff”) filed a Letter of Deficiency, stating Q Mountain’s application had not meet the sufficiency requirements outlined in the Arizona Administrative Code (“A.A.C”).

On July 6, 2010, Q Mountain filed responses to the Letter of Deficiency and Staff’s Data Request, as well as additional compliance items related to Commission Decision No. 71466.

On August 6, 2010, Staff issued a Letter of Sufficiency, stating Q Mountain’s application had met the sufficiency requirements of the A.A.C. and stating that Q Mountain had been classified as a class E utility.

<sup>1</sup> On February 20, 2009, Q Mountain filed an application with the Commission (Docket No. W-02518A-09-0076) requesting an emergency rate increase. Q Mountain later sought to withdraw the emergency rate application and in Decision No. 71466 (January 26, 2010), the Commission granted the request to withdraw the application. However, the Decision ordered Q Mountain to file a full rate case on or before May 31, 2010, using a 2009 test year. The current rate filing complies with Decision No. 71466.

1 On October 5, 2010, Staff filed a Staff Report on the application, recommending an increase  
2 in rates and charges.

3 On October 15, 2010, Q Mountain filed a letter stating that it was preparing a notice to be sent  
4 to Q Mountain customers, showing Staff's recommended rates and charges. The letter also requested  
5 that Q Mountain be given the opportunity, at a later date, to comment on some of Staff's  
6 recommendations.

7 On November 4, 2010, Q Mountain filed a copy of the notice provided to its customers of  
8 Staff's proposed rates and charges.

9 On December 2, 2010, Staff filed a Supplement to the Staff Report, clarifying and revising the  
10 Deferred Payment charge shown in Schedule CSB-4.

11 Prior to filing this rate application, Q Mountain filed an emergency rate application with the  
12 Commission requesting approval to increase its cash flow in order to cover operating expenses  
13 related to the delivery of water. Q Mountain's emergency rate application stated that the Arizona  
14 Department of Quality ("ADEQ") had informed Q Mountain that water from one of its wells  
15 exceeded the maximum contaminant level for nitrates. After exploring several options to correct the  
16 problem, Q Mountain subsequently executed an Agreement with the Town of Quartzsite ("Town") to  
17 hook up to the Town's water supply. Under the Agreement with the Town, Q Mountain agreed to  
18 pay the Town for the cost of 680 feet of pipe, a meter, and a back flow device to effectuate the tie in  
19 to the Town's water supply. The cost associated with the pipe, meter, and backflow device is being  
20 assessed by the Town to each Q Mountain customer at a total cost of \$750, to be paid in full, at a rate  
21 of \$12.50 per month for five years, or annual payments of \$150 for five years. Once the Agreement  
22 had been reached with the Town, Q Mountain requested to withdraw its emergency rate case.

23 In Decision No. 71466, the Commission granted Q Mountain's request to withdraw its  
24 emergency rate application, but expressed significant concern over the appropriateness, and legal  
25 authority, of the Town's imposition of the \$750 assessment on Q Mountain's customers. The Staff  
26 Report filed in this docket states that Staff's review of the documents filed by Q Mountain shows that  
27 Q Mountain customers are sending payments directly to the Town and that the Town may place a lien  
28 on Q Mountain customers' property if the assessment is not paid in full within five years. Although

1 the Staff Report addresses the ratemaking treatment for the infrastructure used to tie in with the  
2 Town's water supply, a discussion and legal analysis of the Town's imposition of the \$750  
3 assessment, and the Town's billing of Q Mountain customer's needs to be further explored.

4 IT IS THEREFORE ORDERED that Q Mountain and Staff shall file, by March 18, 2011,  
5 briefs discussing the appropriateness and legal authority of the Town of Quartzsite's imposition of  
6 the \$750 assessment and billing of Q Mountain customers.

7 IT IS FURTHER ORDERED that Staff is encouraged to contact the Town of Quartzsite to  
8 confer on the issues raised in this Procedural Order.

9 IT IS FURTHER ORDERED that the timeclock in this matter is hereby suspended.

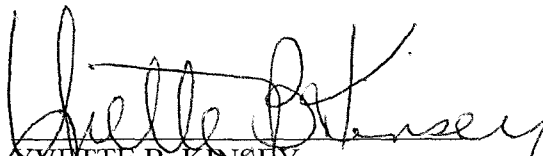
10 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
11 Communications) applies to this proceeding and shall remain in effect until the Commission's  
12 Decision in this matter is final and non-appealable.

13 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
14 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

15 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
16 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (Arizona Supreme  
17 Court Rule 42). Representation before the Commission includes the obligation to appear at all  
18 hearings, procedural conferences, and Open Meetings for which the matter is scheduled for  
19 discussion, unless counsel has previously been granted permission to withdraw by the Administrative  
20 Law Judge or Commission.

21 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
22 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

23 DATED this 14<sup>th</sup> day of February, 2011.

24  
25  
26   
27 YVETTE B. KINSEY  
28 ADMINISTRATIVE LAW JUDGE

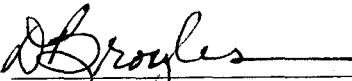
Copies of the foregoing mailed/delivered  
this 14<sup>th</sup> day of February, 2011 to:

Robert A. Kelley, Jr., President  
Q MOUNTAIN MOBILE HOME PARK HOA  
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By:



Debra Broyles  
Secretary to Yvette B. Kinsey